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AN ANALYSIS OF RETAIL SHOPLIFTING IN MISSOULA

by

Tony J. Pappas

B. S., University of Denver, 1963

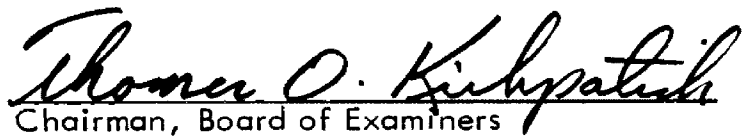
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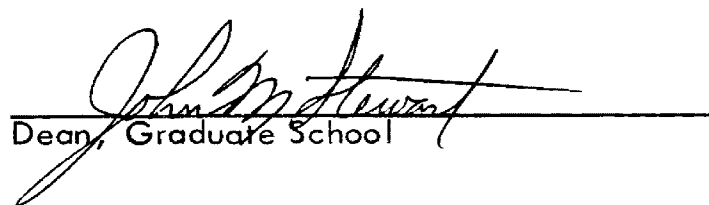
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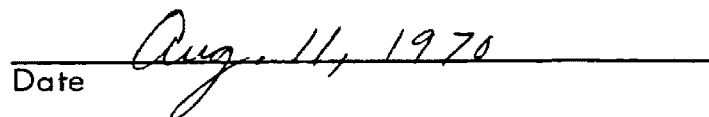
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CHAPTER I

INTRODUCTION

Purpose of Study

The purpose of this study is to determine the magnitude of shoplifting in Missoula, Montana. It is prompted by numerous writings on the subject of retail shoplifting nation-wide which indicate that shoplifting increased 134 per cent between 1960 and 1968,¹ and that losses in 1969 were up another 10 to 20 per cent due primarily to " . . . youths and otherwise law-abiding housewives who, because of the rapid rise in the cost of living, are turning to shoplifting."²

One out of every 60 customers steals.³ During a twelve-month period between 1967 and 1968 approximately \$504 million were lost to shoplifters, representing almost one-sixth of all business losses to crime. Retail stores doing less than \$100,000 in annual sales volume suffered \$142 million of these

¹Crime in the United States, Uniform Crime Reports, 1968 (Washington, D.C.: U. S. Government Printing Office, 1969), Chart No. 14, p. 25.

²"Shoplifters Threaten to Take Heavier Toll on Retailers in 1969," Wall Street Journal, October 16, 1969, p. 1.

³"Shoplifting Up 134% Since 1960," American Druggist, Volume 161, No. 2, January 26, 1970, p. 51.

losses.⁴ For 1970, losses are expected to reach \$600 million, up almost 20 per cent from 1969.⁵

During 1969 Montgomery Ward stores apprehended 23,000 shoplifters, a rise of 25 per cent from the previous year.⁶ Also during 1969, there were 14,000 shoplifters apprehended in the Alexanders, Incorporated chain of stores based in New York, with a 20 per cent increase indicated through May 9, 1970.⁷

Design of Project

Primary data for this study were obtained from the files of the Missoula Police Department, the Missoula County Juvenile Office, and local retail stores.

Working through the Law and Order Council of the Missoula Chamber of Commerce, a seven-man task force was created, with the author as chairman, to assist in collecting data and in securing interviews with local merchants.

Forty-five stores were selected for interviews. Although the selection was made

⁴U. S. Bureau of the Census, Statistical Abstract of the United States: 1969, (90th edition) (Washington, D.C.: U. S. Government Printing Office, 1969), Table No. 214, p. 144.

⁵Op.cit., "Shoplifting Up 134% . . ."

⁶"Built-in Towers Boost Ward Security," Chain Store Age, July, 1970, p. E23-4.

⁷"250,000 Shoplifters Named," Butte Standard, June 14, 1970.

randomly, each store was of a type from which shoplifting could likely occur. Thus, stores carrying mostly large, bulky items such as furniture or heavy appliances were excluded. Retail establishments included in the survey were those handling groceries, jewelry, hardware, drugs and cosmetics, books and stationery supplies, ladies' and men's apparel, sporting goods, variety items, musical items, and auto parts. Lists of stores were given to five of the task force members, each of whom are proprietors or store managers. Each member contacted the management of those stores for which he was responsible, explained the purpose of the study and obtained permission for an interview with the author at a later date.

After the survey stores had been contacted and permissions for interviews secured, the author personally contacted each manager and gave him a questionnaire to complete. After all questionnaires had been distributed, each manager was visited a second time when a more thorough interview was conducted and questionnaires were collected.

A sixth member of the task force, a police sergeant, was instrumental in compiling statistics from police and court files. The seventh member, Missoula's police judge, allowed the author to interview him on several occasions regarding shoplifters who had come before his bench. Several interviews were held with police patrolmen and detectives at the police building. Interviews were also conducted with the county's juvenile officer, the University of Montana Mental Health Clinic, and with Mr. Tom Haines, Montana State Republican Legislator.

In Chapter II statistical data are presented on the number of shoplifting arrests, the location and time of day of offenses, sex and age groups of offenders, and estimates of total shoplifting losses.

Chapter III explains state and local shoplifting laws, proposed revisions in the laws, and the disposition of shoplifting cases.

Chapter IV of this study outlines several aids to assist the merchant in preventing shoplifting. Included in this chapter are sections on the use of inventory shrinkage control methods, how shoplifters can be detected, what techniques they use, and some specific preventive measures that can be taken by merchants.

The paper concludes with Chapter V in which certain recommendations are made regarding the arrest or release of violators, and steps that can be taken through the cooperative efforts of the retail community.

CHAPTER II

EXTENT OF THE PROBLEM

The total dollar amount of merchandise shoplifted in Missoula and the number of offenses committed are unknown. Accurate estimates are unavailable because only a small percentage of shoplifters are apprehended by merchants and a small percentage of those detected are arrested and prosecuted. In 1969 Management Safeguards, a consulting firm, conducted a brief survey of a large, high-volume soft-goods store located in a metropolitan center.⁸ During the one-day survey, members of the survey team reported observing 23 incidents of shoplifting after having followed 226 customers selected at random, a ratio of one out of 9.8. None of the shoplifters was detected by security personnel.

The majority of local merchants interviewed stated that relatively few shoplifters they observe are reported to law enforcement authorities. An even smaller proportion of juvenile offenders is reported.

Available data provide some insight into the extent of Missoula's shoplifting problem. While recorded data are incomplete, police department files are believed to be sufficiently accurate for the years 1964 through 1969, excluding 1968. Table 1 shows the total number of shoplifting arrests of adults and juveniles for those years.

⁸"Shocking New Facts on Shoplifting," Marketing Insights, February 16, 1970, p. 6. Reprinted from Discount Merchandiser, January, 1970.

Table 1

Reported Shoplifting Offenses in Missoula, 1964-1969

Year	Number of Offenses	Year	Number of Offenses
1964	109	1967	159
1965	110	1968	*
1966	137	1969	182

*Information unavailable

Between 1964 and 1969 reported offenses increased 67 per cent. Whether this is due to an increase in shoplifting incidents, greater alertness on the part of store personnel, greater tendency toward arrest and prosecution, or to a combination of these factors is unknown.

Data for the most recent complete year, 1969, were used from which to compile more detailed statistics. Due to the lack of thorough reporting techniques, sufficient data for each offense are not available. For example, in 1969, 182 offenses were reported. Of that total, ages are recorded for only 137 persons; time of day during which the offense was committed, 133; location of offenses, 126; and total reported value of merchandise stolen, 136. Therefore, percentages given are in relation to those offenses for which complete data are available.

Offenses by Location and Time of Day

Table 2 lists known offenses by location. The Holiday Village Shopping Center shows the largest number of shoplifting arrests.

Table 2

Reported Shoplifting Offenses in Missoula By Location, 1969

Location	Juveniles		Adults		Combined	
	No. of Offenses	%	No. of Offenses	%	No. of Offenses	%
Holiday Village	26	(44.0)	32	(47.7)	58	(46.0)
Tremper's	12	(22.0)	3	(4.5)	16	(12.7)
East Gate	8	(13.6)	14	(20.9)	22	(17.5)
Downtown	2	(3.4)	3	(4.5)	5	(4.0)
Other	10	(17.0)	15	(22.4)	25	(19.8)
Totals	59	(100.0)	67	(100.0)	126	(100.0)

Fifty-eight persons, both juveniles and adults were arrested for shoplifting in the Holiday Village in 1969, or 46 per cent of those persons arrested in Missoula. The great majority of those arrests were made at Skaggs Payless Drug Center--37 or 29.4 per cent. This is due to a combination of factors. First, Skaggs follows a policy of reporting all shoplifters whether they are juveniles or adults. Second, Skaggs is a high-volume, promotion-minded

store with an extremely high traffic pattern resulting in a proportionately higher incidence of shoplifting. Third, because of high volume and the knowledge that this means a potentially greater shoplifting problem, Skaggs employs a large number of clerks which give the store a high degree of coverage for its size.

Stores in the downtown area of Missoula were responsible for the fewest number of arrests--five for the entire year, representing only 4 per cent. One might conclude that the relatively small proportion occurs because downtown merchants close earlier most nights of the year and remain closed on Sunday, while major supermarkets and drug stores located in each of the three suburban shopping centers are open seven days a week until 9:00 p.m. Evidence that refutes this supposition is presented in Table 3 which gives the time of day in which known offenses were committed. Out of 133 offenses reported, only 20, or 15 per cent, occurred after the hour of 6:00 p.m. A high per cent, 79.7, occurred during the hours from noon to 6:00 p.m., when most stores are open. This, of course, includes Sundays when downtown stores are generally closed and would therefore explain to some extent why downtown stores showed such a low figure. Perhaps the most logical explanation lies in the high floor coverage by Skaggs personnel. Another reason is the reluctance on the part of many downtown merchants to arrest and prosecute shoplifters. For example, one downtown merchant stated his losses from shoplifting approach \$36,000 annually; he also reported that it was his policy to arrest and prosecute all violators. Yet, for the year 1969, no arrests originated from his store. It

Table 3

Reported Time of Shoplifting Offenses in Missoula, 1969

			Morning		Afternoon		Night	
			8 am - 12 noon		12:01 pm - 6 pm		6:01 pm - 7:59 am	
	Total		No. of		No. of		No. of	
	No. of	%	Offenses	%	Offenses	%	Offenses	
	Offenses							
Juveniles	60	(100.0)	3	(5.0)	50	(83.5)	7	(11.5)
Adults	73	(100.0)	4	(5.5)	56	(76.7)	13	(17.8)
Combined	133	(100.0)	7	(5.3)	106	(79.7)	20	(15.0)

would seem that either his employees are not alert to shoplifting or else the merchant does in fact pursue a policy of no arrests.

There was little difference noted between juveniles and adults in the time of day during which offenses occurred. Of the offenses committed by juveniles, 83.5 per cent occurred in the afternoon while adult offenses registered 76.7 per cent for the same period.

Sex Composition of Offenders

Table 4 shows the sex composition of shoplifters by age groups for the year 1969. Out of a total of 141 offenses for which statistics were available, 91 (64.5 per cent) were committed by males while 50 (35.5 per cent) were committed by females. The percentages were almost identical between adults and juveniles. For adult offenses, 64 per cent were males, 36 per cent females, while juvenile offenses showed 65 per cent males and 35 per cent females. The logical conclusion that might be drawn is that male shoplifters outnumber female shoplifters by a ratio of almost two-to-one. (The survey by Management Safeguards found that one man out of 20 shoplifted, compared to one woman out of eight.) This type of conclusion, however, does not take into account the fact that female shoplifters generally carry some sort of large bag or purse which makes theft somewhat easier to commit yet more difficult to recognize. Perhaps a more plausible reason why male shoplifters seem to outnumber their female counterparts lies in the attitude of local merchants. Many admitted that shoplifters are released if they display emotional remorse such as crying

Table 4

Sex of Missoula Shoplifting Offenders by Age Groups, 1969

Age	Sex			
	Male		Female	
	Number	Per Cent	Number	Per Cent
Juveniles	39	65.0	21	35.0
18 - 19	17	65.4	9	34.6
20 - 29	14	66.7	7	33.3
30 - 39	10	77.0	3	23.0
40 - 49	2	33.3	4	66.7
50 - 59	2	50.0	2	50.0
60 - 69	3	50.0	3	50.0
70-plus	1	100.0	0	00.0
Total Adults*	52*	64.2	29*	35.8
Total Juveniles	39	65.0	21	35.0
Combined Total	91	64.5	50	35.5

*Amounts shown are greater than the sums of the age groups since in a few cases the ages of shoplifters were unknown and only their adult status could be determined.

and pleading, both of which might lend themselves more to female behavior.

Age of Offenders

Of 137 offenses for which ages are available, 60 were committed by juveniles and 77 by adults (see Table 5). Again, the figures are likely misleading since the great majority of merchants interviewed indicated that most, if not all, juvenile offenders are not arrested. It would appear that if all seized shoplifters were arrested, juveniles would far outnumber adults.

Statistics of adult offenders show most offenses to be committed by persons 18 and 19 years of age (33.8 per cent), followed by the 20 to 29-year age group (27.2 per cent) and the 30 to 39-year age group (16.9 per cent).

Table 5
Age of Missoula Shoplifting Offenders, 1969

Age	Offenses	Per Cent
Juveniles		
7	1	1.7
9	1	1.7
10	2	3.3
11	3	5.0
12	4	6.7
13	9	15.0
14	16	26.7
15	9	15.0
16	5	8.3
17	10	16.6
Total	60	100.0
Adults		
18 - 19	26	33.8
20 - 29	21	27.2
30 - 39	13	16.9
40 - 49	6	7.8
50 - 59	4	5.2
60 - 69	6	7.8
70 - plus	1	1.3
Total	77	100.0
Combined		
Juveniles	60	43.8
18 - 19	26	19.0
20 - 29	21	15.3
30 - 39	13	9.5
40 - 49	6	4.4
50 - 59	4	3.0
60 - 69	6	4.4
70 - plus	1	0.6
Total	137	100.0

Dollar Value of Stolen Merchandise

The reported value of merchandise stolen from Missoula stores in 136 offenses was \$982 or an average of \$7.22 per offense (Table 6).

Table 6

Reported Value of Shoplifted Merchandise in Missoula, 1969

Type of Offenders	Number of Offenses	Value	Average Value
Juveniles	60	\$ 230	\$3.83
Adults	76	752	9.89
Total	136	\$982	\$7.22

The department store study conducted by Management Safeguards found the average to be approximately \$8.00 per offense. A survey conducted by the trade journal, Progressive Grocer, found that the average value of merchandise shoplifted from supermarkets nationally in 1968 was \$3.05,⁹ while the Federal Bureau of Investigation estimates the average value per offense from all retail stores is \$28.00.¹⁰ (The latter estimate seems considerably high and could be the result of an understating of the number of offenses, an overstating of values, or both.) The losses suffered locally are probably somewhat higher than the \$7.22 average due to the fact that both merchants and the court generally prefer

⁹Wall Street Journal, April 24, 1969, p. 1.

¹⁰Op cit., Crime in the United States, p. 24.

to limit losses to under \$50.00. As such, the offense is considered petty larceny (Section 21-17 of the Missoula City Code) for which prosecution becomes a much faster and simpler matter than under grand larceny.

It would appear that only a small percentage of shoplifters are detected and of those only a small percentage are arrested and prosecuted. The reported loss figure of \$982 covered only 136 offenses. Since police records reveal a total of 182 known offenses for the same year, total losses would equal about \$1,456, presuming an average of \$8.00 for each offense.¹¹

Merchants in the local survey were asked to give their estimates of the retail dollar value of merchandise stolen annually from their stores. Of the 45 stores interviewed, 17 reported that they could give a close estimate of their losses. These 17 stores sustained annual losses from shoplifting totalling approximately \$148,000 at retail prices. Seven of these stores--the larger department, variety, discount, and supermarket establishments--reported incurring losses ranging from \$10,000 to \$36,000 yearly. However, not all of Missoula's larger stores were interviewed. Of those that were, not all could give a reasonable estimate of losses while still others were reluctant to disclose data because of their confidential nature.

It is very difficult to arrive at a reasonable estimate of total annual losses suffered by Missoula's retailers. However, certain data are available

¹¹ Stolen merchandise is generally recovered from apprehended shoplifters. Therefore, the value of merchandise stolen by them is deducted from computations.

from which loss figures can be extrapolated. A number of different approaches are used which provide a range of possible losses.

Method 1. Total U. S. retail sales volume in 1967 was \$310,214,000,000 (rounded to the nearest million).¹² Total retail volume in Missoula in 1967 was \$100 million (rounded to the nearest million).¹³ Government estimates of total U. S. retail shoplifting losses between 1967 and 1968 are \$504 million, as cited in Chapter I. Missoula's retail volume represents $\frac{1}{3102}$ of the total U. S. retail volume. Assuming an equal distribution of shoplifting losses, Missoula's proportionate share would be \$162,476, or only slightly more than \$14,000 greater than the losses incurred by the 17 merchants reporting.

Method 2. By excluding the U. S. retail volume of sales by automobile dealers, gasoline stations, eating and drinking establishments, and non-store retailers--businesses whose losses from shoplifting are believed to be statistically small--we arrive at an adjusted volume of \$200,406,000,000 for

¹²U. S. Bureau of the Census, Census of Business, 1967, Retail Trade: United States Summary (Washington, D.C.: U. S. Government Printing Office, 1970), BC 67-RA1, Table 1, Part A, pp. 1-4.

¹³U. S. Bureau of the Census, Census of Business, 1967, Retail Trade: Montana, (Washington, D.C.: U. S. Government Printing Office, 1969), BC67-RA28, Table 3, p. 28-8.

1967.¹⁴ Excluding the same business classifications from Missoula's retail volume, the adjusted volume would be \$58,454,000. Total estimated 1967-68 U. S. shoplifting losses (504 million) as a percentage of adjusted U. S. sales volume (\$200,406,000,000) would equal one-quarter of one per cent. Applying this same loss ratio to Missoula's adjusted sales volume, the estimated annual loss in 1967 was \$146,135 or slightly below the amount reported by 17 merchants.

Method 3. Security specialists state that no more than ten per cent of apprehended shoplifters are arrested,¹⁵ and that according to their "best educated guess" only one in 35 shoplifters (or approximately 3 per cent) is caught.¹⁶ If these rates were applicable in Missoula (and interviews with

¹⁴Task Force Report: Crime and Its Impact--An Assessment, Task Force on Assessment, The President's Commission on Law Enforcement and Administration of Justice, (Washington, D.C.: U. S. Government Printing Office, 1967), footnote to Table 6, p. 48.

¹⁵S. J. Curtis, "Planning for Security on a Tight Basis," Chain Store Age, November, 1969, p. 16.

¹⁶Curtis, "Supermarket Crime: It Can Be Controlled," Chain Store Age, February, 1968, p. 73.

Mr. S. J. (Bob) Curtis, security advisor to the trade publication Chain Store Age, is a well known specialist in the field of retail security. His Modern Retail Security is sold in five countries and is considered to be the definitive book on the subject of retail crime control. He is a security consultant to many of the country's leading retailers, to the Super Market Institute, and was responsible for the Institute's annual Security Conference at Oklahoma University in October, 1967. He writes a regular monthly newsletter for SMI members and has a regular column on pilferage in C.S.A.'s Discount Store News. In addition, he was an advisor to General Electric on a series of retail security training films, was honored by the World-Wide Secret Service Association as "Security Man of the Year" in 1966, has served as a consultant

with local merchants indicate the rates could be higher) then 1,820 shoplifters were apprehended in Missoula in 1969, of which only 182 were arrested. If the 35:1 (frequency-to-apprehension) ratio estimated by security specialists is reasonably accurate, then Missoula had 63,700 instances of shoplifting which, at the average \$8.00 value per offense, cost Missoula merchants \$509,600 at retail prices, of which \$14,560 were probably recovered. This is a shoplifting shrinkage rate of one-half of one per cent of total retail sales or almost 1 per cent of the adjusted retail sales as explained in Method 2.

Method 4. Ten Missoula merchants reported their shoplifting shrinkage rates. They ranged from a high of 1.7 per cent to a low of 0.4 per cent with the average slightly under one per cent. Assuming the accuracy of these rates, and assuming further that the average of one per cent is representative of the local retail community, shoplifting losses in 1967 would have approached \$1 million (\$100 million x 1%). Substituting the adjusted retail sales figure of \$58,454,000 and applying the same rate, losses would have been approximately \$584,540.

Method 5. An estimated 2.3 million shoplifters were apprehended in the United States in 1966.¹⁷ Assuming the \$8.00 average value per theft, and

¹⁷Op. cit., Curtis, "Supermarket Crime: . . .", p. 73.

to the U. S. President's Commission on Law Enforcement and Administration of Justice, and is a past vice president of the American Society of Industrial Security. He has served on the security staff of R. H. Macy's in New York, was security manager for Lord and Taylor in New York for 14 years, and for seven years was security superintendent at the J. L. Hudson Company in Detroit.

further assuming that most merchandise was recovered from apprehended shoplifters, the value of merchandise recovered was \$18.4 million. Based on estimated U. S. shoplifting losses of \$465 million for that year¹⁸ there had to be 58 million successful acts of shoplifting. The 2.3 million apprehended shoplifters represented only 4 per cent of the total for an apprehension-to-arrest ratio of 25:1. If Missoula merchants apprehended 1,820 shoplifters in 1969, representing 4 per cent of total offenses, there would have been 45,500 offenses committed. At an average value of \$8.00, total losses would have been \$364,000, of which \$14,560 were recovered from those apprehended.

The wide range of shoplifting losses that could conceivably exist in the local retail community can be evaluated by the reader as to which seem reasonable and which do not. The evidence appears to be in favor of the higher estimates. A further support of this is found in the relationship between the presumed number of apprehended offenders (1,820) and the \$148,000 in losses claimed by the 17 reporting stores. At an average of \$8.00 per offense, approximately \$14,560 can be accounted for, most of which was recovered either in the victim's store or a short time later in a neighboring store. However, since 17 retailers reported \$148,000 in actual losses, at the minimum only about one out of 10 shoplifters was apprehended. For the ratio to be as small as 10:1 there could not be any other losses to shoplifters by any of the

¹⁸Figures for 1966 were unavailable. Estimate used is author's own computed from known 1968 losses and the 134% rate of increase in shoplifting between 1960 and 1968, as cited earlier.

remaining 392 retail establishments in Missoula.¹⁹

The reader may be interested in seeing how extrapolations fit a single store situation. Montgomery Ward stores offer an appropriate example. Total national sales volume for 1969 was \$2.16 billion²⁰ of which 73 per cent²¹ or \$1.57 billion were from store sales, the balance derived from catalog sales. As cited in Chapter I, Wards apprehended 23,000 shoplifters in 1969. Assuming the 35:1 frequency-to-apprehension ratio, Wards suffered 805,000 acts of shoplifting. At \$8.00 average value per offense, total losses were \$6,440,000 of which about \$184,000 (23,000 x \$8.00) are presumed to have been recovered. The net loss of \$6,256,000 as a percentage of total store sales is 0.4 per cent in shoplifting shrinkage. "Many retail chains allow 3% to 4% of total sales volume for shrinkage; Wards allows 1% and the amount lost due to shoplifting is substantially below this, estimates Stirmell," (H. E. Stirmell, Ward's corporate protection manager).²² "Nationally, most large retail businesses estimate their overall inventory shrinkage due to shoplifting, employee theft, and accounting errors at between 1 and 2 per cent of total

¹⁹Op. cit., U. S. Bureau of the Census, Census of Business, 1967. Retail Trade: Montana, p. 28-8.

²⁰"Marcor Net Rose 16.1% and Volume 8.6% in Fiscal '70," (ended January 31, 1970), Wall Street Journal, March 6, 1970, p. 28.

²¹Standard and Poor's Corporation, Standard N.Y.S.E. Stock Reports, Marcor, Inc., Vol. 37, No. 88, Sec. 14, May 8, 1970, p. 1415k.

²²Op. cit., "Built-in Towers . . .," p. E23.

inventory."²³

Thus, it appears that the estimates of shoplifting losses in Missoula are reasonable.

²³The Challenge of Crime in a Free Society. A Report by the President's Commission on Law Enforcement and Administration of Justice, (Washington, D.C.: U. S. Government Printing Office, February, 1967), p. 42.

CHAPTER III

SHOPLIFTING AND THE LAW

The contents of this chapter are not intended to make a legal expert of the reader, but rather to acquaint him with local and state laws and how shoplifting cases are generally dealt with by local authorities. Professional legal counsel should be secured by the merchant to apprise himself of all rights, liabilities, and legal implications.

In response to the question, "Do you understand your legal rights and liabilities with regard to the apprehension and prosecution of shoplifters?", 12 merchants answered in the affirmative, 17 replied that they had a fair understanding of the laws, while 16 admitted they knew little or nothing of the laws. Most of the 'yes' answers came from those merchants sustaining the highest incidence of shoplifting. During the interviews it was found that approximately 30 per cent of the merchants had apprehended but released shoplifters due to the fear of legal reprisal because they did not understand their rights and liabilities.

State and Local Laws

Shoplifters brought before the Missoula Police Court are generally prosecuted under Section 21-17, Petty Larceny of the City Code which reads,

"Every person who shall steal, take, carry, lead, drive or entice away the goods or personal property of another, under the value of fifty dollars, with intent to deprive the owner of the possession thereof, shall be guilty of a misdemeanor."²⁴ Nearly all shoplifting offenses are placed in the petty larceny category (under \$50) by either the complaining merchant or by the police judge, both of whom seek speed of justice.

The Montana state law, from which the Missoula law is taken, is outlined in codes 94-2703 through 94-2705. Punishment of petty larceny is found in code 94-2707 of the State of Montana laws and provides for a fine not to exceed \$500 or imprisonment in the county jail not to exceed six months, or both. In the case of repeat and/or belligerent offenders, fines up to \$50 or jail sentences of one week to 90 days are common in Missoula. Occasionally, both fines and jail sentences are imposed. Each case is, of course, treated on its own merits. More often than not, older adults are given either a fine or jail sentence or both. The rationale is that the older person is considered to be mature enough to understand the seriousness of the offense. In cases involving young adults, i.e., those in their late teens or early twenties, rehabilitation is stressed. If the defendant is without a previous record he frequently receives a deferred sentence for a period up to 90 days. This is, in effect, a probationary period during which the defendant

²⁴The Code of the City of Missoula, Montana, 1961, The General Ordinances of the City, (Los Angeles: Michie City Publications of Los Angeles, 1961), p. 249.

is required to submit a weekly report to the judge outlining all activities of the preceding week. The defendant is also required to attend church regularly and, if a university student, is required to show improvement in school grades. If, at the end of the probationary period, the police judge is satisfied that the defendant has made an honest effort to improve his social conduct and has not become involved in any further incidences of a socially questionable nature, he is given the opportunity to change his plea to "not guilty" and is then found "not guilty" of the charged offense. Two reasons are given by the judge for handling offenses in this manner: first, he feels that a police record on a young adult will greatly jeopardize his future employment opportunities in that he would not qualify for any jobs requiring bonding or licensing and, second, the judge feels that once a young adult has a record he may have a tendency to think that he has nothing to lose and will be tempted to commit additional acts of shoplifting or other crimes.

Juveniles

The foregoing laws and dispositions of court cases apply to adult offenses. Juvenile offenders, that is, those persons below 18 years of age, are turned over to the Missoula County Juvenile Office for disposition. In an interview with the juvenile officer it was learned that the parents of juvenile offenders are required to accompany their child to a conference with the juvenile officer where a discussion of the juvenile's total behavior takes place. In the case of a first offense the juvenile is merely reprimanded and released

to the custody of his parents. Repeat offenders undergo a more thorough analysis in an attempt to discover the reasons for the apparent antisocial behavior. This oftentimes requires repeat visits by the child and its parent(s) until causes can be determined and behavior modified in a positive direction. In rare instances the juvenile is judged an incorrigible and sent to a reform institution. More often than not, such extreme behavior on the part of the incorrigible juvenile is traced to an unstable, undesirable family environment and institutional confinement becomes necessary as a last resort to remove the juvenile from the causal factors of his antisocial behavior.

Merchant's Right to Question

Until 1957 a merchant had no legal right to question a person suspected of having concealed merchandise on his person. Such an inquiry exposed the merchant to a possible lawsuit on the grounds of civil or criminal slander. During the 1957 Montana State Legislative Session an amendment to the state's petty larceny laws was introduced by George Anderson (Cascade County) and sponsored by Representatives Clowes, Dempsey, Gloeed, MacAndrews, and Haines (Missoula County), the latter also being an officer of the Montana Food Distributors Association which originally conceived the amendment. The amendment, Chapter 11 of the Montana State Session Laws, was passed without a dissenting vote and became law on February 14, 1957. Section 2 of Chapter 11, which has since become Section 64-213 of the Revised Codes of Montana, provides that,

Any merchant shall have the right to request any individual on his premises to place or keep in full view any merchandise such individual may have removed, or which the merchant has reason to believe he may have removed, from its place of display or elsewhere, whether for examination, purchase, or for any other purpose. No merchant shall be criminally or civilly liable for slander, false arrest, or otherwise on account of having made such a request.²⁵

This amendment has been a significant step forward in protecting and assisting merchants in their fight against shoplifting crimes.

Merchant's Right of Detention

Efforts by the Montana Food Distributors Association are now underway to further strengthen Montana's shoplifting laws. The Association recently became aware of a new law passed by the 1967 Washington State Legislature which gives merchants in that state the power to detain a suspected shoplifter. Excerpts from a booklet explaining the law are quoted below:

The basic purpose of the new law is to enable merchants, who reasonably believe that a person has stolen or is stealing goods from the merchant, to detain such person for a reasonable manner without exposing the merchant to lawsuits charging false arrest, false imprisonment, libel or slander based on such lawful detention. It also increases the minimum penalties for first and second offenders when prosecuted and found guilty.

For years, Washington merchants, fearing the real or imagined threat of lawsuits charging false arrest, false imprisonment, libel or slander, have watched their merchandise disappear even when there was reasonable certainty that a particular person had taken the goods. The timid merchant has been the shoplifter's best pawn. The new law now permits the merchant to act when he reasonably believes that a shoplifter is stealing his merchandise.

²⁵ Revised Codes of Montana (1947), Section 64-213, p. 211, Replacement, Vol. 4, Part 1, (Indianapolis: The Allen Smith Co., 1962).

The purposes of the detention are limited to the following:

1. To determine whether such person has in his possession unpurchased merchandise taken from such mercantile establishment.
2. To allow such a person to make a statement or to refuse to make a statement.
3. To examine employees and records of the mercantile establishment relative to the ownership of the merchandise.

Under the new law, the detention privilege may be exercised within or without the mercantile establishment. One of the purposes for the new statute is to eliminate the "marathon race," trying to catch the alleged shoplifter outside the premises.

Upon a first conviction, therefore, he (the shoplifter) shall be punished by a fine of not less than Fifty Dollars and not more than One Thousand dollars, or by imprisonment in the county jail for not less than five days and not more than six months, or both such fine and imprisonment. Upon each subsequent conviction he shall be punished by a fine of not less than five hundred dollars and not more than one thousand dollars, or by imprisonment in the county jail for not less than thirty days and not more than one year, or both such fine and imprisonment.²⁶

The key words in the Washington law are "reasonable grounds" for detention and "reasonable time" of detention, both of which require wise and judicious use on the part of the merchant to prevent later legal action by the defendant. In any case, what constitutes "reasonable grounds" and "reasonable time" will be a jury question.

This law has generated considerable interest on the part of the Montana Food Distributors Association and has prompted that body to seek an opinion of the law from the Association's general counsel, the law firm of

²⁶What Retailers Should Know About Washington's New Shoplifting Law, Washington Retail Council, 1414 South Cherry Street, Olympia, Wn.

Garlington, Lohn and Robinson, located in Missoula. The following comments are extracted, with permission, from a June 19, 1970 letter by Mr. George D. Goodrich of the law firm of Garlington, Lohn & Robinson, to Mr. Tom Haines, Montana State Republican Legislator (Missoula) and Manager and Trustee of the Montana Food Distributors Association:

At your request we have reviewed existing Montana Law with regard to the Rights of Merchants in cases of suspected shoplifting, and have reviewed also the State of Washington statutes concerning this subject In our opinion the Washington Laws would be very beneficial if enacted in Montana, and would compliment the existing Montana statute above described. We would suggest that this might be accomplished by an amendment . . . (reading) "In any civil or criminal action or proceeding that might be brought by reason of any person having been detained on or in the immediate vicinity of the premises of a mercantile establishment for the purpose of investigation or questioning as to the ownership of any merchandise, it shall be a defense of such action that the person was detained in a reasonable manner and for not more than a reasonable time, met such investigation or questioning by a peace officer or by the owner or the mercantile establishment, his authorized employee or agent, and that such peace officer, owner, employee or agent had reasonable grounds to believe that the person so detained was committing or attempting to commit larceny or shoplifting on such premises of such merchandise. As used in this section, 'reasonable grounds' shall include, but not be limited to, knowledge that a person has concealed possession of unpurchased merchandise of a mercantile establishment, and a 'reasonable time' shall mean the time necessary to permit the person detained to make a statement or to refuse to make a statement, and the time necessary to examine employees and records of the mercantile establishment relative to the ownership of the merchandise.

The present lack of a detention law in Montana does not mean that a merchant must helplessly stand by while his goods are illegally taken from his store. On the contrary, if the suspected shoplifter refuses to remain with the merchant until the police arrive, the merchant may exercise his right of a citizen's arrest as given under Section 95-611 of the Montana statutes.

There is a danger, however, in such an arrest. If the suspect is in fact innocent, or can cast sufficient doubt of his guilt, the door is left open for a false arrest, slander, or libel lawsuit against the merchant. On the other hand, a law of detention would protect the merchant from such risk providing he had "reason to believe" that a theft had occurred or was occurring and that the detention was handled in a reasonable manner. Such a law of detention does not, of course, give the merchant a free hand in detaining anyone remotely suspected of theft. He must be reasonably certain of the offense. Perhaps the greatest value in a detention law lies in the protection it affords the merchant from the unscrupulous person who purposely baits the merchant into believing a theft has taken place in the hopes of winning a lucrative lawsuit. This is a very real fear expressed by Missoula merchants, especially those independent store owners who often can least afford a costly settlement in or out of court.

The detention amendment presently under consideration by the Montana Food Distributors Association will be introduced at their annual convention in Great Falls in September where it is expected they will adopt a resolution to introduce the amendment at the legislative session in Helena in January, 1971. When the proposed bill comes before the Legislative Resolutions Committee (chaired by Senator Gordon Bollinger, Glasgow) for a hearing, the Association will appear before the Committee to sponsor the bill. The bill will have the support not only of the 700-member Association but

probably a number of other retail groups throughout Montana. Similar support was given when the 1957 amendment was introduced.

CHAPTER IV

EFFORTS TOWARD PREVENTION

Inventory Shrinkage Control Methods

In order to control shoplifting, the merchant must first recognize that the problem does in fact exist in his establishment. In truth, only a very few merchants interviewed utilized any form of inventory or shrinkage control. Several merchants stated they had never experienced shoplifting in their store and concluded that no problem existed. Others admitted to catching an occasional shoplifter. Still others stated that they had caught numerous shoplifters but had no idea how many got away. One merchant frankly admitted that he was not as concerned with the shoplifters he caught as much as with those he did not catch. And this, in essence, is the heart of the problem. Without proper shrinkage control techniques the merchant quite likely has no idea how serious a problem shoplifting is in his store. One merchant praised his wife who apprehended many shoplifters in their store. But after she became a full-time housekeeper he had failed to catch a single thief on his own. He readily admitted that he was probably still losing a great deal of merchandise to shoplifters but had absolutely no idea how much. Surprisingly enough, lack of inventory control methods was not unique to the small merchant only. Merchants from some of the largest retail stores

interviewed indicated no system of controls whatsoever. And many of those took the position that such a system of controls would not be worth the cost of maintaining it. One leading dry goods merchant who employs a shrinkage control system stated that, in his opinion, any merchant who failed to use adequate inventory controls could not properly manage the affairs of his business.

Inventory shrinkage is, indeed, a controllable factor and excessive shrinkage should be considered as a serious lack of control in a store's business. It is not only theft of merchandise by shoplifters and dishonest employees that result in shrinkage, but carelessness resulting from receiving, unpacking, checking, marking, handling, displaying, selling and recording, marking down, and general bookkeeping all contribute to shrinkage of merchandise. How, then, can a merchant know his shrinkage rate without proper controls? A one per cent shrinkage rate is generally acknowledged as an acceptable rate by retailers nationally. Yet some retailers interviewed claimed to have known cases where stores--or departments within stores--suffered shortages up to 30 per cent, often the result mostly of employee or customer theft. It would appear that the merchant who is ignorant of his shrinkage rate is also ignorant of his losses through theft. Shrinkage control methods may be expensive to maintain. However, the merchant must judge whether he can recover the costs by streamlining his methods of operation in a manner to reduce the losses he is already incurring through carelessness or theft. And before he can make such a judgement he must first know his

shrinkage rate. If, upon instituting inventory controls, he determines that his shrinkage rate is acceptable to him, he may then discontinue the system. Thereafter he can compare his profit-to-sales ratios as a check against his previously determined shrinkage rate.

Several merchants indicated they would like to consider implementing a shrinkage control system but had no idea how to go about it. For their benefit, a simple outline is presented in Exhibit B in the Appendix.

Detection of a Shoplifter

About half of the store owners and managers interviewed said that their clerks had never caught a shoplifter in the act of stealing nor had they alerted management to any suspicious actions. This is not unusual since many have never been exposed to the modus operandi of the criminal. But retail shoplifting can be reduced merely by constant alertness on the part of all store employees. Following are a number of behavior or warning signs that might tip off store personnel to a potential shoplifter.

1. The person who constantly looks around him while handling merchandise.
2. The person who lingers in a particular section or department.
3. The person who is carrying his own garment over his arm, under which stolen merchandise can be concealed.
4. The person lacking accessories who is shopping in an accessories department. This method is popular with women when stealing purses, hats

and jewelry. The alert sales person should learn to observe the customer's attire when she first enters the department. It is not difficult to determine if the customer is carrying a purse, wearing a hat, or wearing jewelry. If she is lacking any of these things when she first comes in but is wearing them when she walks out, store management should be alerted.

5. The person without coat or jacket who walks into a coat or jacket department on a cold day.

6. The person who serves himself in a shoe section. One local merchant who sells boots makes a point of noticing what the boot customer is wearing while looking at them, and if the customer leaves the department without making a purchase the merchant takes the time to see what footwear he is wearing. Several shoplifters have been caught in this manner although none have been arrested.

7. The person who looks out of place in a department.

8. The person who is carrying a large purse, shopping bag, book or newspaper.

9. The person who appears nervous and fidgety.

10. The person who enters with one or two other persons and engages the merchant while the other(s) wander elsewhere.

11. The person who wears loose or baggy clothing.

12. The person with an unnatural or hampered walk. Professional female shoplifters often conceal merchandise between their legs. One local merchant apprehended a woman carrying a canned ham between her thighs.

One case that the author read about involved a woman in a large eastern city who, after being apprehended by a store detective, proudly demonstrated her technique of carrying a stolen portable typewriter and case between her thighs. With the advent of the shorter hemline this technique has become less common.

Methods Used by Shoplifters

A variety of theft techniques commonly used by shoplifters were mentioned by local merchants. They are outlined here together with several less-known methods. Some were mentioned in the preceding section but are listed again. Many of the techniques can be observed while the customer is shopping. Others can best be observed by the checkout clerk.

1. Reaching for merchandise when another customer (or accomplice) is obstructing the merchant's view. The merchant should try to position himself in such a manner as to be able to see as many of his customers as possible. If the customer can see the merchant he knows the merchant can see him.

2. Getting a stack of merchandise between them and the sales clerk.

3. Palming of small merchandise.

4. Using closed umbrellas, shopping bags, and purses.

5. Hiding merchandise in newspapers and magazines or using them to shield the shoplifter's actions.

6. Using false packages (booster boxes). This has been a favorite technique of the professional. Generally the bottom or end of the box has

a spring door opening into the box that prevents goods from falling out.

7. Baggy or roomy clothing.

8. Purses, pockets and sleeves.

9. Between the legs.

10. In books. Nylons are frequently stolen this way. Some shoplifters cut a large cavity through the pages of a book in which they conceal small items.

11. Changing clothes in fitting rooms and wearing stolen garments under their own.

12. Simply picking up an item and boldly walking out of the store.

13. Lifting an item and taking it to the counter or checkstand for a refund.

14. Concealing merchandise in folded rugs, curtains, drapes, shower curtains. One honest customer returned a large box of laundry soap to the supermarket when he later discovered it contained several cartons of cigarettes instead of soap. Apparently a shoplifter had been frightened away before he could complete the theft, or it was an "inside" job.

15. Concealing merchandise in new purses. A good way to prevent this is to ticket purses on the inside so that the sales person will have to open it to see the price.

16. Putting multiple items in a single item package, e.g., two phonograph records in a single jacket.

17. Concealing merchandise in case-type items such as hair dryers, luggage, attache cases. The same method of ticketing could be used here as with the new purses.

18. Presenting combination items as a single item. For example, putting batteries in flashlights, light bulbs in lamps, thermos bottles in lunch boxes, and filler paper in binders.

19. Wearing items of apparel such as footwear, sweaters, blouses, coats and jackets, and slacks.

20. Switching tags. This, perhaps, is one of the most popular ploys used by shoplifters. It is oftentimes simple to do but, more importantly, the shoplifted can be apprehended only if he is caught in the act of switching. He need only plead ignorance if an alert clerk or checker notices the improper ticket. The best defense against ticket switching is to use tickets which cannot easily be transferred to another item. Gummed or adhesive labels generally cannot be removed intact or reapplied elsewhere. Marking pens or pricing stampers work well if their application is feasible.

Methods of Controlling Shoplifting

Based on the author's survey of stores interviewed and by remarks made by various merchants, the following methods of controlling shoplifting are used or recommended:

Adequate Service. Lack of adequate service by the mercantile establishment may well be the cause of the majority of shoplifting losses.

Inadequate floor or customer coverage encourages theft. Whenever possible sales personnel should acknowledge waiting customers with a smile or nod or a brief "I'll be with you in just a moment." If the customer is aware that his presence is known he often is less tempted to lift merchandise.

Training. All store personnel should be given periodic and thorough training in shoplifting prevention. In addition, the store should have a procedure to follow when the clerk spots a shoplifter. The majority of stores interviewed provided little or no training to their personnel. The few that did reported that they had occasional meetings during which shoplifting was discussed. Much more can and should be done. Trade journals often contain excellent articles on shoplifting that can be of great help to the merchant and his employees. The large chain store operators frequently receive head office bulletins which are helpful. The Missoula Police Department is a source of information on shoplifters and their techniques and is anxious to assist in any way possible. One local department store recently asked the police to discuss shoplifting at its store meeting. The police brought along pictures of known shoplifters and store personnel recognized two or three as being regular customers of the store. Clerks are now able to observe these persons whenever they are in the store.

Ticketing. Tickets which can be removed from one item and affixed to another should not be used. The merchant should keep in mind that ticket switching is responsible for a large part of shoplifting losses.

Fitting Rooms. Most retail clothing stores interviewed felt that their fitting rooms posed a definite shoplifting problem, yet only a few used fitting room checkers. One merchant reported he used fitting room checkers except during peak business periods when they were too busy waiting on customers. This man was obviously inviting theft by exposing his fitting rooms at a time when they needed the closest supervision. One way that many merchants discourage thefts in fitting rooms is to limit the number of garments that a customer may take at any one time. The clerk is then able to keep a closer watch on the number of garments being handled by any one customer. Unfortunately, many clerks, especially those working on commission sales, disregard the rule in hopes of securing sales. One store manager who was interviewed explained that a ~~three~~-garment limit was her store's policy. Seconds later one of her clerks was observed taking six garments to the fitting room. Sounding exasperated, the manager admitted that most of her clerks ignored the rule. But since there was a shortage of qualified sales people, she had not pressed the issue.

Reward System. Six out of 45 merchants interviewed said they gave monetary rewards to store personnel who reported acts of shoplifting. The largest amount given was \$10 by a store manager who, police records show, has made a number of arrests. Several of the merchants who gave no rewards believed it was the clerks' duty to spot and report shoplifters. Yet, duty or not, monetary rewards would certainly seem to provide an incentive for added alertness. In the case of one merchant the incentive was so great

that he soon realized his clerks were engaged in a contest to see who could catch the most shoplifters. As a result, he claimed, the clerks neglected their regular duties. He soon discontinued the reward system but still makes occasional arrests.

Store Detectives. None of the stores interviewed employed full-time store detectives although two of them hired police officers or sheriff's deputies on a part-time basis during the Christmas holidays. For most local stores a full-time detective is not economically feasible. Several of the managers did the next best thing which was to personally patrol the floor during high volume periods. Merchants who suffer large losses to shoplifting should give careful consideration to maintaining part-time or full-time detectives. The cost might well be offset by reduced shoplifting losses. Whether the detective should be uniformed or in plain clothes is debatable. Proponents of the uniformed detective say that the very sight of authority discourages many would-be thieves. Opponents state that the determined shoplifter will merely wait until the uniformed detective moves on to another section. Although each view is valid, it would seem that in the one case shoplifting would be more easily discouraged while with the plainclothes detective more arrests could be made of the unsuspecting shoplifter.

Preventive Devices. Twenty-one of the 45 stores interviewed used some sort of detection devices such as peep-holes, one-way mirrors, elevated offices (from which some managers use binoculars), convex mirrors or closed-circuit TV. A few of the managers were not convinced of their utility.

Others reported catching shoplifters with the aid of the devices while still others believed they offered a psychological deterrent to potential shoplifters. One merchant refused to use them because he failed to catch any shoplifters in a previous store that had them. His current shoplifting losses approach \$4,500 annually. Many of the merchants not using any devices felt they would offend honest customers. This may or may not be true. Generally, the honest customers are not even aware that they are being observed. But the potential thief might be.

Refunds. Shoplifters in need of cash frequently attempt to refund merchandise lifted from the same store or from other stores carrying identical items. Most Missoula stores interviewed required proof of purchase either through sales receipts or verification by the sales person. A few stores reported they would make exchanges if proof of purchase could not be established. A few others whose refund policies could be considered weak stated they would make cash refunds even without proof of purchase. One technique to guard against fraudulent cash refunds is being used successfully by two of the interviewed retailers. When the customer lacks proof of having made the purchase in these two stores, the sales clerk fills out a cash refund form asking for the customer's name, address and phone number. After the customer has signed the form the clerk asks for positive identification, such as a driver's license. If the customer is indeed a shoplifter he will seldom give his correct name, address, or phone number and when asked to produce matching identification will generally make some excuse such as having left

the billfold at home. The clerk then keeps possession of the returned article and informs the customer that a refund check will be mailed to his address upon approval by the manager or owner. Rather than asking for the merchandise back, the shoplifter agrees and leaves the premises. Management can then either verify the false information or proceed to send the check, which invariably is returned marked "no such address" or "addressee unknown." The two stores known to use this method report excellent results in preventing fraudulent refunds.

Sealed Parcels. Since shoplifters have been known to drop stolen goods in open shopping bags or parcels it is a good practice for merchants to staple closed the bags of purchases made by customers. Sales receipts should also be stapled or taped to bags and to factory-boxed containers which are too large or bulky to sack or wrap, such as large pieces of luggage or small appliances. When customers are carrying an open bag from another mercantile establishment, store policy should require that these also be sealed. The most efficient prevention requires that customers entering a single-entrance store leave their purchases at a checking station to be picked up on the way out. Distasteful as this may sound to some merchants, it is an excellent prevention device. However, such a procedure would be difficult to establish in those larger stores with multiple entrances and exits. In some instances it would require a major redesign of the store layout.

Loitering. Persons who loiter unduly in a store or section bear close watching. This is particularly true of teenagers or children who may appear to have no intentions of making a purchase.

Following Suspects. Persons known to have committed acts of shoplifting in the past or those who appear suspicious by their actions should be followed from the time they are noticed until they leave the premises. If they are unaware that they are under surveillance they may be caught in the act of stealing. If they know they are being watched the shoplifter will think twice before attempting to steal. Once the shoplifter knows the merchant is suspicious, he may never return.

Location of Merchandise. Locations of merchandise are an important factor in deterring theft. The kind of merchandise most susceptible to shoplifting should be displayed in a manner and location affording the shoplifter the least opportunity to steal. One local jeweler replaced some of his open stock with glass display cases after having been hit by shoplifters. Another one placed inexpensive but attractive room dividers and planters behind his window displays which have thus far worked well. Both jewelers plus a third one had the tops of their glass display cases either glued or firmly bracketed to prevent boosters from prying them open when they were not looking. A sporting goods dealer transferred his handguns from an open wall display to a locked showcase after thieves had stolen several firearms. Many of the merchants selling cassette tapes have placed them in locked display cases. One merchant who has an improperly designed store layout

has his phonograph records displayed openly in a rack next to an exit door . When this was brought to his attention he advised that due to the poor store design he had no other choice . Worse yet, his nearest wrapping counter was a considerable distance away .

Several stores had display shelves piled so high with merchandise that even an amateur shoplifter could easily steal . These shelves belonged in a stockroom, not the selling floor .

Exits. The stores that have numerous uncontrolled exits also appeal to the shoplifter . One supermarket has almost a dozen and a half doors or exits but is presently remodeling and many of the exits will be sealed . Stores located in shopping centers generally have an abundance of exits, many of which lead into adjoining businesses . Convenience for the customer seems to be the rationale, but the dishonest shopper enjoys it even more .

A downtown merchant who had been troubled by shoplifters made two minor changes which produced positive results . He closed off one of his two doors and moved his wrapping counter next to the useable door . Persons must pass the counter which is usually attended . This apparently has discouraged some shoplifters since the merchant reports an immediate decrease in shoplifting losses .

The establishment of a second downtown merchant also has two doors, one of which is partially obscured by a wall . Through this door entered a shoplifter who picked up a typewriter and walked out seconds

later. He was not even seen. The door, incidently, still remains open as an invitation to other shoplifters.

One of the best examples of a controlled exit was found in the down-town Bonanza store. The store, located on a corner, has one entrance door and one exit door, side by side, facing the corner. Inside in the exit lane is the checkout counter. The clerk has a commanding view of all who enter and exit.

The most efficient means of controlling exits that the author has experienced is found in the Gemco Discount Store chain in southern California. There all customers enter through one door and exit through another. At the exit a uniformed guard is stationed who carefully but discreetly observes each departing customer. All purchases made in the store are either wrapped or sealed in bags with the sales receipt visibly displayed. The extra safety precautions taken do not seem to disturb honest shoppers since they seem to voluntarily and cheerfully show their parcels to the guard as they exit. The stores are almost completely self-service, the merchandise well displayed and of a good quality, prices are lower than at most competing stores, and they have a very high sales volume.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

Evidence indicates that shoplifting is a serious problem to many Missoula merchants. The best estimates suggest that local retailers could be losing from \$300,000 to \$600,000 annually to shoppers. " . . . it is the smaller establishments, particularly those that operate on a low margin of profit, to which shoplifting may make the difference between success and failure."²⁷

Larceny is a crime of opportunity, and opportunities to steal from Missoula's retail establishments are abundant. Having observed their indifferent attitudes, their merchandising techniques, and their general preoccupation with increasing profits through higher sales volumes, the author is left with the impression that the shoplifting problems faced by many of Missoula's merchants are much their own doing.

The reduction of shoplifting losses requires more than just the occasional efforts of the individual merchant; it requires continuing attention by all retailers, large and small. It also requires the coordinated action of Missoula's merchants as a united group working to solve a common problem. Presently, no such organization exists.

²⁷Op. cit., The Challenge of Crime . . ., p. 42.

This study, through the sponsorship of the Missoula Chamber of Commerce, is believed to be the first concentrated effort in that direction. Hopefully it will not be the last.

Merchants, both individually and collectively, must do everything possible to reduce shoplifting. Merchants must continually remind themselves and their employees that the best way to prevent shoplifting is to remove the opportunity and temptation to steal. This means an emphasis on prevention rather than merely apprehension.

Undoubtedly there will always be persons who will find ways to shoplift, regardless of the retailer's precautions. This is why we have laws. But laws as they exist are not always adequate. They need to be periodically changed, revised, improved. The general concensus of opinion among local merchants was that shoplifting laws are weak, inadequate, and evadable. Yet only the active members of the Montana Food Distributors Association are known to have pursued corrective action.

Cooperative Efforts

Of the 45 merchants interviewed, almost 50 per cent viewed shoplifting as one of their worst problems. These merchants could take the initiative in promoting some form of loss prevention organization to provide assistance and counsel to the retail community. Much can be done by such a group. Several types of cooperative actions are as follows:

A list could be compiled of all local confessed shoplifters along with their pictures and methods of operation. Such a list has recently been compiled on a national basis by Spartans Industries, Inc., one of the largest retailers in the United States, and operators of the Korvette and the Spartan and Atlantic discount store chains. Their new loss-prevention subsidiary, Stores Pre-Vent, Inc., has assembled a computerized list of 250,000 confessed shoplifters and dishonest store employees. Seventy-five per cent are shoplifters whose names were obtained from discount stores, department stores and supermarkets across the country.²⁸

Experts in loss prevention such as consultants or store detectives in major cities could be called in to conduct seminars in shoplifting prevention. Missoula's police department has access to films on shoplifting and is very willing to help merchants if called upon.

A series of public information messages or literature could be released through local news media explaining how consumers eventually pay the price of shoplifting losses. (There could be some argument by merchants on this point, however, since only 17 of them admitted their losses are passed on to the consumer.) Parents could be reminded of the seriousness of shoplifting and its consequences to their children. In December, 1968, the local DECA chapters at the Hellgate and Sentinel High Schools put out an informative pamphlet on shoplifting which would serve as a starting point in assisting parents to help

²⁸Op. cit., The Butte Standard, June 14, 1970.

their children avoid the consequences of shoplifting.²⁹

A shoplifting network warning system, similar to the Check-Alert system now in use, could be set up whereby a merchant who observes a suspected shoplifter or a shoplifting ring would telephone a description to one or two other stores, each of which would be responsible for contacting one or two other merchants who in turn would do the same. Within minutes all participating merchants would be apprised and their clerks alerted.

Arrest or Release

Juveniles. Most Missoula retailers release juvenile offenders with a warning and a telephone call to their parents. Arrests are generally made only when they are known to be repeat offenders. Most felt that a lecture and a stern warning would likely discourage the first offender from repeating thefts. The merchant is not altogether wrong in thinking this. Quite often the youngster who acts impulsively and is apprehended will experience an embarrassment not soon to be forgotten. Conversely, a large number of youthful shoplifters have theft in mind when entering a retail establishment and their tears of misery, fear and shame lack sincerity. When conferring with a juvenile about his behavior regarding a shoplifting offense or any other number of offenses, Mr. Jerry Johnson, Missoula's juvenile officer, reports that the majority of youngsters freely admit their shoplifting escapades. However, in the vast majority

²⁹Teenagers Beware: Shoplifting Can Ruin Your Future, Hellgate and Sentinel High School DECA Chapters, Missoula, Montana, December, 1968.

of cases these juveniles had no record of shoplifting whatsoever. Many admitted that they had been caught a number of times by various merchants but had been released each time. As a result they did not feel compelled to stop stealing if their only punishment was a reprimand from the merchant and, sometimes, their parents. Quite often they would brag about their episodes to their friends who, in turn, would try their hand at shoplifting since the threat of severe punishment was unlikely.

Many juveniles are aware that their age will often protect them. For this reason, both the juvenile officer and the police judge strongly urge that all youthful offenders be reported to authorities. This can generally be done in either of two ways: the police can be called to pick up the offender and they in turn will take him to the juvenile officer, or, the juvenile officer can be called direct. If the latter approach is used, the juvenile officer can quickly consult his files to see what disposition should be made. If the youth has no record he may likely be released. In any event, the juvenile knows that his name has been reported and that a file has been started on him and that a future wrongdoing will result in more severe punishment. Suddenly he learns that shoplifting is not the "game" he once thought.

Merchants need not be concerned that a record will harm a juvenile's future as an adult. Once he reaches his eighteenth birthday, his record is destroyed and he enters adulthood with a clean slate.

Adults. Handling of adult offenders follows along much the same lines. Missoula's police judge strongly recommends that all adults be arrested.

Adults do not necessarily become "marked for life" with a criminal record. The judge takes many facts into consideration, including the defendant's attitude, whether the theft was premeditated or impulsive, the value of the article stolen, his actions when apprehended and arrested, and other points which might enable the judge to make the most judicious disposition of the case.

Another potential source of assistance is the University of Montana's Mental Health Clinic. The author recently interviewed the director of the clinic and members of his staff to learn if their services would have application to shoplifters. It was learned that on occasion shoplifters have been referred to the clinic both by authorities and by one particular store manager whose university training in psychology has prompted him to try to help rather than to punish certain shoplifters. This may be an area which should be explored further in keeping with contemporary society's trend toward rehabilitating law-breakers rather than simply imposing fines or confinement.

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APPENDIX

EXHIBIT A

SHOPLIFTING QUESTIONNAIRE

Please read this form carefully and answer the questions to the best of your knowledge. Disregard those questions not applicable to your particular store situation. Use the back of the form for any additional comments you care to make. I will pick up this questionnaire at a later date and discuss your shoplifting problems with you at that time.

Your help and cooperation in furthering this study on Missoula's shoplifting problems is very much appreciated.

Tony J. Pappas

1. What types of merchandise are most commonly boosted in your store?
(1) _____, (2) _____, (3) _____
2. If yours is a multilevel store, on what floor do most thefts occur?

3. Which department(s) in your store suffer the greatest losses from shoplifting? (1) _____, (2) _____,
(3) _____, (4) _____.
4. What is your inventory shrinkage rate (_____ %) and what percent is attributable to shoplifting (_____ %)?
What is your dollar value of losses from shoplifting? \$ _____.
5. Are your losses from shoplifting passed on to the consumer?
Yes _____ No _____
6. What dollar amount of sales are needed to cover your shoplifting losses? \$ _____.
7. What percent or ratio of your customers do you estimate are shoplifters?
_____ %.
8. Do you consider shoplifting to be your worst (or one of your worst) problems? Yes _____ No _____

9. Do any local organizations, to which you belong, focus attention on the local shoplifting problem in an effort to deal with it effectively?
Yes _____ No _____
10. Do you employ anyone in your store whose primary duty is to prevent theft or apprehend shoplifters? Yes _____ (position _____)
No _____
11. Do you train all of your sales personnel in shoplifting prevention?
Yes _____ No _____. If "yes", what type of training do they receive and what do they look for?
12. Are your clerks responsible for most shoplifting arrests?
Yes _____ No _____. Do you reward your employees when their efforts lead to the apprehension of a violator? Yes _____ No _____
13. Who generally apprehends shoplifters and how is it done?
14. What methods or techniques of boosting are generally used by shoplifters in your store?
15. What types of preventive devices do you use in your store? (e.g., scanners, closed-circuit TV, mirrors, one-way windows, peep holes, warning signs.)
16. How successful have they been?
17. How does your store guard against giving refunds on stolen merchandise?
18. Do you feel that fitting rooms are a major source of your shoplifting problems? Yes _____ No _____
19. Are fitting room checkers used? Yes _____ No _____.
What other methods do you use in deterring fitting room thefts?
20. Is there a particular time of day during which most shoplifting occurs in your store? Yes _____ No _____. When? _____

21. Do you ever give warning to known shoplifters that they will face trespassing charges if found on the premises? Yes _____ No _____
If not, why not?
22. Do you understand your legal rights and liabilities with regard to apprehension and prosecution of shoplifters?
23. Have you ever released a shoplifter because you were afraid of possible legal recourse, or because you, as a merchant, did not know what you could or could not do? Yes _____ No _____
24. The following questions pertain to the arrest and prosecution of shoplifters:

What is your attitude toward arrest and prosecution? That is, do you have all seized shoplifters arrested and prosecuted? If not, what criteria do you use in making your decision? Do you feel that a stern lecture or a friendly chat sometimes prevents recurrence due to fear, embarrassment or mental anguish?

EXHIBIT B

THE PRINCIPLE OF SHRINKAGE CONTROL

What is shrinkage? In its simplest terms, shrinkage is the difference in value between merchandise that records show should be on hand at any given time, and merchandise that actually is on hand. In other words, shrinkage is the discrepancy between book inventory (what the records show) and physical inventory (what merchandise is actually on hand).

Here is how shrinkage is computed:

- a. To the beginning actual dollar inventory (at retail) as of the first day of the fiscal year, add the dollar value (at retail) of all purchases made during the remainder of the fiscal year.
- b. Subtract from this figure all sales and markdowns. The difference is the retail value of merchandise that the books show should be on hand in the store on the last day of the fiscal year. This is the book inventory.
- c. On the last day of the fiscal year, take a complete physical inventory of all merchandise on hand and convert it into dollar value at retail. The difference between the dollar value of the book inventory and the dollar value of the physical inventory is shrinkage. In some cases, due to bookkeeping errors, the difference is an overage.

Here is an example:

Inventory on February 1, 1971	\$100,000
Net Purchases (allowing for transfers and chargebacks)	<u>600,000</u>
Total merchandise to be accounted for	\$700,000

Less: Sales	\$450,000	
Markdowns	<u>20,000</u>	<u>470,000</u>

Book Inventory	230,000
Less Physical Inventory on January 31, 1972	<u>225,500</u>

Shrinkage	\$ 4,500
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Shrinkage (\$4,500) as per cent of sales (\$450,000) = 1%